

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax forms and instructions.
(Also: Part I, § 179)

Rev. Proc. 2007-60

SECTION 1. PURPOSE

This revenue procedure corrects the inflation adjusted amounts set forth in Rev. Proc. 2006-53, 2006-48 I.R.B. 996, that apply to taxpayers who elect to expense certain depreciable assets under § 179 of the Internal Revenue Code. This correction reflects statutory changes enacted subsequent to the publication of Rev. Proc. 2006-53.

SECTION 2. BACKGROUND

Prior to the enactment of the Small Business and Work Opportunity Tax Act of 2007, Pub. L. No. 110-28, 121 Stat. 190 (2007) (the Act), § 179(b)(1) prescribed a \$100,000 limitation (the \$100,000 amount) on the aggregate cost of section 179 property that could be treated as an expense for any taxable year beginning after 2002 and before 2010. For those same taxable years, section 179(b)(2) provided that the

\$100,000 amount is reduced by the amount by which the cost of section 179 property placed in service during the taxable year exceeds \$400,000 (the \$400,000 amount). Both the \$100,000 amount and the \$400,000 amount were adjusted for inflation annually. For taxable years beginning in 2007, section 3.19 of Rev. Proc. 2006-53 provides that the \$100,000 amount and the \$400,000 amount, adjusted for inflation, are \$112,000 and \$450,000, respectively.

Section 8212 of the Act changes the \$100,000 amount and the \$400,000 amount to \$125,000 (the \$125,000 amount) and \$500,000 (the \$500,000 amount), respectively, for taxable years beginning in 2007 through 2010. Section 8212 of the Act also provides that the \$125,000 amount and the \$500,000 amount will be adjusted for inflation for taxable years beginning after 2007 and before 2011.

SECTION 3. MODIFICATION OF SECTION 3.19 OF REV. PROC. 2006-53

To reflect the statutory changes made to section 179 by § 8212 of the Act, section 3.19 of Rev. Proc. 2006-53 is modified to read as follows:

.19 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2007, under § 179(b)(1) the aggregate cost of any § 179 property a taxpayer may elect to treat as an expense cannot exceed \$125,000. Under § 179(b)(2) the \$125,000 limitation is reduced (but not below zero) by the amount by which the cost of § 179 property placed in service during the 2007 taxable year exceeds \$500,000. For taxable years beginning after 2007 and before 2011, the \$125,000 amount under § 179(b)(1) and \$500,000 amount under § 179(b)(2) will be adjusted for inflation.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Section 3.19 of Rev. Proc. 2006-53 is modified and superseded.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning in 2007.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Winston H. Douglas of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure contact Winston H. Douglas at (202) 622-4930 (not a toll free call).